

CALIFORNIA SPECIAL REIMBURSEMENT PROGRAMS

These special reimbursement programs are aimed at making up the short fall for hospitals when care is provided to a patient who has little or no funds to cover the cost of care or who is a Medi-Cal (M/C) beneficiary. A hospital which provides a certain amount of uncompensated care is designated as a disproportionate share (DSH) hospital and may qualify for additional funds. The Department of Health Services (DHS) administers the following reimbursement programs that provide this additional funding for disproportionate care to low income and M/C beneficiaries.

Acute Hospital Inpatient Disproportionate Share (DSH) (855) Hospitals qualify on an annual basis. Supplemental payment adjustments are made to qualifying inpatient acute care hospitals in addition to Medi-Cal payments for services rendered. To qualify, a hospital must have a Medi-Cal Inpatient Utilization Rate of at least one standard deviation above the statewide mean or a Low-Income Utilization Rate in excess of 25 percent with at least a 1 percent Medi-Cal Utilization Rate. Payments are based on the hospital's peer group and low-income rate. Payments are funded by intergovernmental transfers from public entities and matching Federal Financial Participation; no State funds are involved. For the 2001-02 payment year, the program budget was \$1.9 billion. There were 147 hospitals on the DSH List. Applicable *Welfare and Institutions (W&I) Code, Sec. 14105.98 and Sec. 14163.* (Contact: Larry Brown (916) 552-9643)

Acute Hospital Outpatient Disproportionate Share (SB 1179) DHS determines a disproportionate factor for each hospital's paid M/C outpatient services. For most hospitals, this factor is computed by dividing the sum of M/C gross outpatient revenue, county indigent gross outpatient revenue, and outpatient charity deductions from revenue, by total gross outpatient revenue. Hospitals must exceed the statewide mean to qualify. The supplemental payment for each qualifying hospital is in proportion to the hospital's disproportionate factor. In 1999, 179 qualified for the program. Funding is State General Fund and matching FFP; the annual program cap is \$10 million. *W&I Code, Sec. 14105.97.* (Contact: Jeff Lara (916) 552-9674)

Emergency Services and Supplemental Payment Fund (1255) W&I Code, Sec. 14085.6. Supplemental payments from this fund are made to qualifying hospitals based on negotiations between the hospital and the California Medical Assistance Commission (CMAC). (CMAC negotiates contracts with the hospitals for M/C inpatient services through the Selective Provider Contracting Program (SPCP) waiver.) Qualifying hospitals must be both DSH and have an SPCP contract. They must be licensed to provide emergency services on site (or for children's hospitals, in conjunction with another hospital) and must demonstrate a need for extra funding to cover their emergency services/health care services costs. CMAC determines the award levels and DHS administers and distributes the funds. There is no ceiling on the individual payments. Payments are funded by voluntary intergovernmental transfers and matching Federal funds (FFP). There are no State General funds involved. (Contact: Karin Johnson (916) 552-9289)

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Construction and Renovation Reimbursement Program (1732) W&I Code, Sec. 14085.5. Annual qualification. This program reimburses qualifying hospitals for a portion of their debt service on revenue bonds that were issued to fund hospital construction/renovations. To qualify, hospitals must have been included on the DSH list for the three most recent years prior to submitting their final construction plans to the Office of Statewide Health Planning and Development, during the period 9/1/88 - 6/30/94. In addition, the project must be a new capital project funded by new debt. A hospital must be SPCP contracting hospital or be part of a County Organized Health System (COHS). Each hospital's supplemental reimbursement reflects the hospital's annual debt on the bond multiplied by a ratio of the hospital's paid M/C days to total patient days. Reimbursement is paid through the life of the bond as long as the hospitals continues to maintain a SPCP contract or COHS contract and provides inpatient services to M/C recipients. Funding is State General Fund and matching FFP. (Contact: Karin Johnson (916) 552-9289)

Graduate Medical Education (GME) (SB 391) Two funds, the Medi-Cal Medical Education Supplemental Payment Fund and the Large Teaching Emphasis and Children's Hospital Medi-Cal Medical Education Supplemental Payment Fund, provide a portion of teaching costs associated with operating hospitals that serve eligible Medicaid recipients through M/Cs Selective Provide Contracting Program. Payments from these funds are negotiated between CMAC and the M/C contracting hospitals that meet the definition of a UC teaching hospital, as set forth in the DHS report entitled "Hospital Peer Grouping": a major (non-university) teaching hospital, a large teaching-emphasis hospital, or a children's hospital that is disproportionate share. In FY 1999-2000, there were 26 eligible hospitals, but only 20 received payments totaling \$158.7 million. This program is scheduled to sunset on January 1, 2002. *W&I Code Sec. 14085.7&14085.8 (Contact: Nancy Beams Telephone: (916) 327-9328; FAX (916) 323-0006)*